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Message Text

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11
ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 L-03 DRC-01 /072 W
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R 040805Z JAN 74
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 9157
INFO AMEMBASSY LONDON

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E.O. 11652: N/A
TAGS: ETRN, UK, HK
SUBJ: CIVAIR-CARGO HANDLING ARRANGEMENTS AT HONG KONG

REF: STATE 247473

SUMMARY: VOLUME OF AIR EXPORT CARGO HAS BEEN EXAPNDING STEADILY IN RECENT YEARS. IF THIS TREND CONTINUES, CARRIERS WILL BE COMPETING FOR SLICES OF EVER BIGGER PIE. ALTHOUGH CONSORTIUM PRESENTS PROBLEMS AND INCERTAINTIES, CARRIERS SHOULD BE ABLE TO DO WELL UNLESS PROFITS DEPRESSED SIGNIFICANTLY BY UNREASONABLE CONSORTIUM HANDLING CHARGES. END SUMMARY

1. DIVERGENT ATTITUDES U.S. CARRIERS APPARENTLY CONTINUES TO BE DUE TO DIFFERENT COLUMES OF EXPORTS CARRIED. LARGEST CARRIER (PAN AM) IS MOST WILLING TO SUPPORT OWN SEPARATE STAFF AND LEADS FIGHT AGAINST CONSORTIUM. OTHER U.S. CARRIERS SUPPORT PAN AM'S OBJECTIONS, BUT APPEAR TO BE LESS CONCERNED OVER CONSORTIUM ROLE; VOLUME OF CARGO CARRIED BY TWA AND NORTHWEST APPARENTLY DOES NOT WARRANT STRONG FIGHT; IN FACT, CONSORTIUM MIGHT BE MORE ECONOMICAL APPROACH FOR THEM.

2. CONSORTIUM, OF COURSE, WILL DEPRIVE AIRLINES OF DIRECT CONTROL OVER INITIAL AIRPORT HANDLING OF EXPORT CARGO. IN
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ADDITION, CONSORTIUM PRESENTS RANGE OF TROUBLESOME PROBLEMS.

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FOR EXAMPLE, COMPUTERS OPERATING OR ORDERED MAY NOT BE COMPATIBLE WITH COMPUTER SYSTEM CONSORTIUM MAY ADOPT (ACCORDING TO PANNIM, LUFTHANSA WILL BE PAYING FOR A COMPUTER SERVICE IT CANNOT USE). THERE MAY BE A SHAKEDOWN PERIOD DURING WHICH PERFORMANCE OF CONSORTIUM STAFF WILL BE INFERIOR. CARRIERS DO NOT KNOW WHAT RATES CONSORTIUM WILL LEVY, BUT ASSUME STRONG PROFIT MOTIVE OF CONSORTIUM MEMBERS (INCLUDING HKG) LIKELY MEAN HIGHER NET COST OF OPERATIONS FOR SOME IRRRIERS. THERE IS ALSO PROBLEM OF RESPONSIBILITY. WE UNDERSTAND THAT PRECEDENT SET BY HONG KONG AIR TERMINAL SERVICES (HATS) LIKELY TO BE FOLLOWED BY CARGO CONSORTIUM, TO WIT, THAT CONSORTIUM WILL NOT BE RESPONSIBLE FOR LOSS OR DAMAGE TO AIR CARGO SUSTAINED WHILE UNDER ITS CONTROL; IN FACT, CARRIERS WILL BE HELD LIABLE. THIS WOULD APPEAR TO BE UNREASONABLE.

3. ON BALANCE, HOWEVER, IT SEEMS LIKELY THAT U.S. CARRIERS CAN CONTINUE TO OPERATE PROFITABLY HERE UNLESS CONSORTIUM LEVIES UNREASONABLE CHARGES.
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